

**REPORTS & FINANCIAL ACCOUNTS**

**OF**

**EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED**

**FOR THE YEAR ENDED 30 JUNE 2019**

**EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED**  
**ABN 96 000 964 938**

**DIRECTORS' REPORT TO MEMBERS**

The Directors of Epping R.S.L. Sub-Branch & Community Club Limited submit herewith the annual financial report for the financial year ended 30 June 2019. In order to comply with the provision of the Corporations Act 2001, the directors report as follows:

DIRECTORS - The names of the Directors in office at any time during or since the end of the year are:

David TAYLOR	President Board Chairman	Club Member 25 years. Director 22 years. Club President 15 years. Retired General Manager and Company Director with National and International responsibility. Chairman of House & Finance and member of Building Committees. Life Member of the Epping Club. Life Member of RSL of Australia and Epping RSL Sub-Branch. Vice President Epping RSL Sub-Branch. Committee Member Reserve Forces Day Council. State Committee Member National Serviceman's Association of Australia. Member of the Club Directors Institute.
John CURDIE OAM	Vice-President	Club Member 32 years. Director 15 years. Member of Order of Australia. Retired Surveyor. President of Epping RSL Sub-Branch. Life Member of the Club, RSL of Australia and the Epping RSL Sub-Branch. Member NSW Reserve Forces Day Council Committee. Justice of the Peace. Member of the Club Directors Institute. Formal Qualifications ME (Syd Uni). Dip TCP. (Syd Uni). Dip Env STD (Mac Uni). Hon. Fellow IS.Aust. Hon Mem.F.I.G.
John PRESTIDGE RFD ED	Vice-President - Finance	Club Member 39 years. Director 15 years. Retired Service Manager-TAFE Lecturer. Life Member of the Club. Life Member of the RSL and Life Member of Epping RSL Sub-Branch. Secretary of Epping RLS Sub-Branch 15 years. Member CMF/ARMY Reserve 30 years. Member of the Club Directors Institute. Formal Qualifications Dip Teach. (Tech).
John DONOHOE	Director	Club Member 30 years. Director 13 years. Bushranger Historian and Author. Life Member of the Club. Level One Fitness Member. Member Epping St Vincent de Paul. Member Epping Probus. Member Epping Civic Trust. Member of the Club Directors Institute. Formal qualifications B.Sc (Chem.), D.C.H.
Dr Barry HOSCHKE	Director	Club Member 25 years. Director 7 years. Retired Research Scientist. 25 years experience in scientific research and research management with CSIRO. Life Member of the RSL of Australia and the Epping RSL Sub-Branch, Pensions Officer and Magazine Editor Epping RSL Sub-Branch. Justice of the Peace. Member of the Club Directors Institute. Formal Qualifications BSc (UNSW), PhD (UNSW), Dip CM (ICMSA), Completed Mandatory Director Training "Director Foundation and Management Collaboration" and "Finance for Club Boards".
Max FALCONER MBE	Director	Club Member 48 years. Director 18 years. Retired Westpac Bank Manager. Member of the British Empire (MBE). Life Member of the Epping Club, RSL of Australia and Epping RSL Sub-Branch. Sub-Branch Member and Sub-Branch Treasurer. Member of the CMF/Army Reserve 30 years. President 21FD Regt RAA Association since 1962. Member of the Club Directors Institute.

Denis FITZGERALD AM	Director	Club Member 9 years. Director 2 years. Member Order of Australia AM. CEO Parramatta Eels 30 years. CEO Parramatta Leagues Club 20 years. President Parramatta Leagues 3 years. Director Australian Rugby League 3 years. Alderman Parramatta Council 4 years. Member Club Managers' Hall of Fame. Director of Sydney Olympic Park Authority 6 years. Chairman Combat Sports Authority of NSW 6 years. Director Parramatta Park Trust 3 years. Member 25 Licensed Clubs. Member of the Club Directors Institute.
Seona WALLACE	Director	Club Member 5.5 years. Director 2 years. Senior corporate executive with 20+ years experience working for multinational pharmaceutical companies. Since 2015 Managing Director and part owner of mid-size healthcare business. Married to RAAF Engineering Officer and has two school aged children. Affiliate Member of Epping RSL Sub-Branch. Member of Australian Institute of Company Directors. Member of the Club Directors Institute. Formal Qualifications Master of Business (UON), Graduate Diploma Marketing (UTS).

#### MEETINGS OF COMPANY DIRECTORS

So as to comply with the Corporations Law we detail below the number of meetings held during the financial year and the number of those meetings attended by each Director.

	Meetings Eligible to Attend	Number of Meetings attended
D Taylor	15	13
J Curdie	15	15
J Prestidge	15	15
J Donohoe	15	11
B Hoschke	15	15
M Falconer	15	12
D Fitzgerald	15	14
S Wallace	15	12

#### MEMBERS' GUARANTEE

The company is limited by guarantee. If the company is wound up the constitution of the company states that each member is required to contribute \$2 each towards meeting any outstanding obligations of the company. The total amount contributed would be \$34,346.

#### REVIEW OF OPERATIONS

The profit of the Company for the financial year before income tax amounted to \$1,048,161 (2018: \$2,499,955. Income tax of Nil was provided (2018: \$286,837)

Club membership was 17,186 as at 30th June 2019 (17,907 as at 30th June 2018) and was made up as follows:

Life Members	13
RSL Members	221
Ordinary Members	16,952
	<u>17,186</u>

## OBJECTIVES

The objectives of the club are to operate in a responsible and financially prudent manner with the aim of enhancing membership benefits and contributing to the local community. Epping RSL Club plays an important role in honouring present and returned servicemen and servicewomen.

Specific short and long term objectives include:

### Short Term

- Provide the best possible facilities to members
- Encourage new membership
- Improve profitability and efficiency of club operations

### Long Term

- Maintain financial stability of the club
- Ensure facilities continue to cater for members' needs
- Diversify income streams

## STRATEGY FOR ACHIEVING THE OBJECTIVES

Attract and maintain quality management and staff.

Be flexible and adapt to the changing environment of the club, economy and member demographic characteristics.  
To continually review and upgrade facilities of the club.

## PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was that of a Licensed Club conducted for Members and Members' Guests according to the Constitution.

## HOW THESE ACTIVITIES ASSIST IN ACHIEVING THE OBJECTIVES

The principal activities of the club contributed to achieving the objectives by providing a stable base of operations. This ensured the financial stability and generated funds to meet the demands of the company and maintain high levels of service to members and guests.

## PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATORS

The financial performance of the club is measured against the budget set and benchmark data for the industry.

Some of the specific areas reported on and monitored include:

- Earnings before Interest Tax Depreciation and Amortisation (EBITDA)
- Gross Profit Margins
- Expense Ratios and Analysis
- Cash Flow
- Members' Feedback
- Staff Turnover

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration follows and forms part of the directors' report for the financial year ended 30 June 2019.

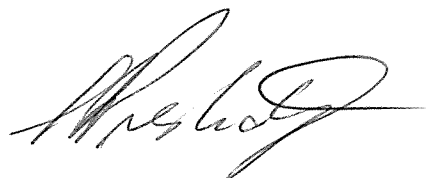
Dated at Epping this 7th day of August 2019

Signed in accordance with a resolution of the Directors.

D Taylor  
Director



J Prestidge  
Director



EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED  
ABN 96 000 964 938

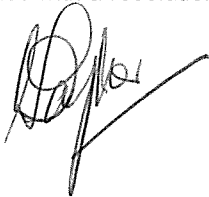
DIRECTORS' DECLARATION

The Directors declare that:

- a) the attached financial statements and notes thereto comply with Accounting Standards;
- b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company;
- c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Epping this 7th day of August 2019  
Signed in accordance with a resolution of the Directors.

D Taylor  
Director



J Prestidge  
Director



# W. L. BROWNE & ASSOCIATES PTY LTD

ABN 13 151 379 109

JOHN CHEADLE F.C.A.  
BRADLEY TURNER C.A.

john@wlbrowne.com.au  
brad@wlbrowne.com.au

Suite 8, 924 Pacific Highway  
Gordon NSW 2072  
PO BOX 294, Gordon NSW 2072  
Telephone: 02 9498 5250  
Fax: 02 9498 5759

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED

### Report on the Audit of the Financial Report

#### Opinion

I have audited the accompanying financial report of Epping RSL (Sub-Branch) & Community Club Limited (the Company), which comprises the Statement of Financial Position as at 30 June 2019, Statement of profit or loss and other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In my opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

#### Basis of Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Information Other than in the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the company's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### Responsibility of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's Responsibility for the Audit of the Financial Report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions, may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



John C Cheadle  
Registered Company Auditor  
Dated: 7 August 2019

# W. L. BROWNE & ASSOCIATES PTY LTD

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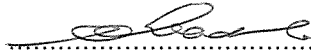
Suite 8, 924 Pacific Highway  
Gordon NSW 2072  
PO BOX 294, Gordon NSW 2072  
Telephone: 02 9498 5250  
Fax: 02 9498 5759

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT

To the Directors of Epping RSL (Sub-Branch) & Community Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2019, there have been:

- (a) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.



John C. Cheadle-Chartered Accountant  
Suite 8, 924 Pacific Highway, Gordon, 2072  
7 August 2019



Chartered  
Accountants  
NUMBER OF MEMBERS

Liability limited by a scheme approved  
Under Professional Standards Legislation



**EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED**  
**ABN 96 000 964 938**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30TH JUNE, 2019**

	Notes	2019 \$	2018 \$
Revenue	2	25,687,285	27,997,264
Cost of sales		(1,671,154)	(1,872,230)
Donations and community support		(191,422)	(226,000)
Employee benefits expense		(7,267,862)	(7,501,700)
Entertainment, marketing and promotional expenses		(3,013,017)	(3,072,273)
Poker machine duty and taxes		(5,650,898)	(6,281,062)
Property utilities expenses		(699,204)	(677,967)
Other expenses		(2,771,207)	(2,902,491)
Repairs and maintenance		(736,354)	(669,290)
Rental of gaming and other equipment		(198,006)	(239,796)
Total expenses		<u>(22,199,124)</u>	<u>(23,442,809)</u>
Earnings before financing costs, depreciation and income tax		3,488,161	4,554,455
Less: Depreciation		<u>(2,440,000)</u>	<u>(2,054,500)</u>
Net trading operating profit before income tax		1,048,161	2,499,955
Less income tax expense	1(f) & 4	<u>-</u>	<u>(286,837)</u>
Net profit for the year after income tax		1,048,161	2,213,118
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year	20	<u><u>1,048,161</u></u>	<u><u>2,213,118</u></u>

The accompanying notes form part of these accounts

**EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED**  
**ABN 96 000 964 938**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE, 2019**

	Notes	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash - at Bank and on Hand	5	4,495,187	5,369,448
Bank Term Deposits	6	12,012,546	10,441,130
Receivables	7	(455,609)	(365,984)
Inventories	8	201,154	216,257
Other	9	388,879	821,289
<b>TOTAL CURRENT ASSETS</b>		<u>16,642,157</u>	<u>16,482,140</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	10	20,246,364	20,565,614
Investment Properties	11	650,501	650,501
Intangible Assets	12	1,912,507	1,262,507
<b>TOTAL NON-CURRENT ASSETS</b>		<u>22,809,372</u>	<u>22,478,622</u>
<b>TOTAL ASSETS</b>		<u>39,451,529</u>	<u>38,960,762</u>
<b>CURRENT LIABILITIES</b>			
Payables	13	942,199	1,268,319
Current Tax Liabilities	14	-	214,989
Provisions	15	635,318	602,994
Other	16	25,554	33,459
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,603,071</u>	<u>2,119,761</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	17	596,697	627,965
Other	18	127,217	136,653
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>723,914</u>	<u>764,618</u>
<b>TOTAL LIABILITIES</b>		<u>2,326,985</u>	<u>2,884,379</u>
<b>NET ASSETS</b>		<u>37,124,544</u>	<u>36,076,383</u>
<b>MEMBERS' FUNDS</b>			
Retained Profits	20	37,124,544	36,076,383
<b>TOTAL MEMBERS' FUNDS</b>		<u>37,124,544</u>	<u>36,076,383</u>

The accompanying notes form part of these accounts

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED  
ABN 96 000 964 938

STATEMENT OF CHANGES IN MEMBERS' FUNDS  
FOR THE YEAR ENDED 30TH JUNE, 2019

	RETAINED EARNINGS \$	TOTAL EQUITY \$
Balance at 1 July 2017	33,863,265	33,863,265
Net profit for the year attributable to members of the company	<u>2,213,118</u>	<u>2,213,118</u>
Balance at 30 June 2018	36,076,383	36,076,383
Net profit for the year attributable to members of the company	<u>1,048,161</u>	<u>1,048,161</u>
Balance at 30 June 2019	<u><u>37,124,544</u></u>	<u><u>37,124,544</u></u>

The accompanying notes form part of these accounts

**EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED**  
**ABN 96 000 964 938**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE, 2019**

	Notes	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers		25,283,508	27,572,361
Payments to Suppliers		(22,165,260)	(23,291,856)
Income Tax payable		-	(265,832)
Interest Received		349,657	324,062
Interest Paid		-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	27 (B)	3,467,905	4,338,735
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment in Bank Term Deposits		(1,571,416)	(266,239)
Proceeds from Sale of Property/Plant		-	41,815
Payment Poker Machine Entitlements		(650,000)	(342,163)
Payment for Plant & Equipment		(1,981,426)	(2,636,241)
Payment for Property Improvements		(139,324)	(170,447)
NET CASH USED IN INVESTING ACTIVITIES		(4,342,166)	(3,373,275)
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES:</b>			
NET CASH USED IN FINANCING ACTIVITIES		-	-
NET INCREASE/(DECREASE) IN CASH HELD		(874,261)	965,460
Cash at beginning of financial year		5,369,448	4,403,988
CASH AT END OF FINANCIAL YEAR	27 (A)	4,495,187	5,369,448

The accompanying notes form part of these accounts

**EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED**  
**ABN 96 000 964 938**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30TH JUNE, 2019**

1. SUMMARY OF ACCOUNTING POLICIES

The following summary explains the significant accounting policies that have been adopted in the preparation of the accounts. Unless otherwise stated, such accounting policies are consistent with those used in previous years.

(a) BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable by the measurement at fair value of selected on-current assets, financial assets and financial liabilities.

(b) INVENTORIES

Stock on hand is valued at the lower of cost and net realisable value. Costs are assigned to quantities on hand at balance date on the basis of first in-first out value.

(c) PROPERTY, PLANT & EQUIPMENT

Except for land, tableware items and uniforms, all fixed assets are stated at original cost less the relevant provisions for depreciation.

(d) LAND & BUILDINGS

The company's properties are now classified as either "Core" or Non-Core" property. Core property is property occupied by the club as licensed premises. The club can only dispose of its core property if the disposal has been approved by a resolution passed by the majority of members. The property must be sold at public auction after valuation by a registered valuer. These requirements do not apply to non-core property, ie, investment properties.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

(e) DEPRECIATION

Depreciation is calculated on the straight line basis so as to write off the net cost of each fixed asset during its expected useful life. Profit and losses on disposal of depreciable assets are taken into account when determining profit and loss. Expenditure on tableware items and uniforms is accounted for by showing the initial investment at cost and charging replacements against revenue in relevant subsequent periods.

Major depreciation periods are

Freehold Buildings	40 years
Plant and Equipment	10 years
Gaming Machines	7 years
Motor Vehicles	5 years

(f) INCOME TAX

Under present legislation, income derived by the company from members is not assessable to income tax. Income tax liabilities arise in respect of income derived from non-members and investments less certain allowable deductions. Commission income is now assessable in full and not subject to the member/non-member principle. The club does not adopt Tax-effect accounting principles.

(g) RENTAL PAYMENTS

Electronic assets are subject to a rental agreement and the rental payments are charged as expenses in the periods in which they are incurred.

(h) PROVISION FOR EMPLOYEE'S BENEFITS

Charges are made against profits to provide accrued annual leave and long service leave at wage and salary rates in accordance with employees' entitlements under the relevant Statutes and Awards. Amounts accrued for long service leave which have not vested are shown as non-current liabilities and are calculated on the unvested rights of employees who have passed their fifth year of employment.

(i) DEFERRED SUBSCRIPTION REVENUE

Membership subscriptions paid in advance are deferred to the period in which the income relates. All costs associated with the procurement of membership subscriptions are expensed as incurred. The current membership periods are as follows:-

Twelve (12) months	From 1st January 2017 to 31st December 2017
Three (3) years	From 1st January 2017 to 31st December 2019
Five (5) years	From 1st January 2017 to 31st December 2021

(j) IMPAIRMENT OF ASSETS

At each reporting date, the management reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is then expensed to the income statement.

(k) INTANGIBLE ASSETS - NOTE 12

Poker Machine Entitlements

Poker machine entitlements are not amortised. Instead, poker machine entitlements are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

(l) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2015. Information on these new standards is presented below.

*AASB 9: Financial Instruments* (effective application for the Company is 1 July 2018)

*AASB 9 Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It also sets out new rules for hedge accounting and impairment of financial assets. The Company has applied the standard from 1 July 2018. The application of this standard has no material impact on any of the amounts recognised in the Financial Statements.

*AASB 15: Revenue from Contracts with Customers* (effective application for the Company is 1 July 2018)

*AASB 15 Revenue from Contracts with Customers* clarifies the principles for recognition revenue from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The Company has applied the standard from 1 July 2018. The application of this standard has no material impact on any of the amounts recognised in the Financial Statements. Subscription fee revenue is recognised when the Club's contractual obligations have been fulfilled.

AASB 16: *Leases* (effective application for the Company is 1 July 2019)

AASB 16 *Leases* introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless underlying asset is of low value. The Company intends to apply the standard from 1 July 2019. The Company is continuing to assess the impact of this standard, however, it is not expected that the application of this standard will have a material impact on any of the amounts recognised in the Financial Statements.

	2019 \$	2018 \$
2. REVENUE		
Sale of Goods	6,466,287	6,966,602
Revenue for rendering services	<u>18,647,220</u>	<u>20,511,307</u>
	<u>25,113,507</u>	<u>27,477,909</u>
<u>Other operating revenue</u>		
Sundry Income	27,458	2,783
Member Subscriptions	145,500	143,659
Interest	349,657	324,062
Property Rental (net)	<u>51,163</u>	<u>48,851</u>
	<u>573,778</u>	<u>519,355</u>
TOTAL REVENUE FROM CONTINUING OPERATIONS	<u><u>25,687,285</u></u>	<u><u>27,997,264</u></u>
3. EXPENSES		
(a) Profit before income tax includes the following specific expenses:		
Cost of goods sold	1,671,154	1,872,230
Depreciation of non-current assets	2,440,000	2,054,500
Amounts set aside/(decrease) for provisions		
Employee entitlements (net)	1,056	10,059
Superannuation expense	627,341	637,838
(b) Key Performance Indicators		
Bar		
Gross profit percentage	63.97%	64.40%
Wages to sales percentage	28.37%	26.26%
Catering		
Gross profit percentage	75.90%	74.54%
Wages to sales percentage	45.29%	44.46%
EBITDA percentage	13.58%	16.27%

4. INCOME TAX

The company is liable for income tax only on income derived from non-members and from investments with outside entities. Additional income tax is payable as a result of the club industry negotiating with the Australian Taxation Office (ATO) in regards to the assessability of commission income.

	2019	2018
	\$	\$
<b>INCOME TAX EXPENSE</b>		
The amount set aside for income tax in the profit and loss account has been calculated as follows:-		
Proportion of income attributable to non-members	2,190,951	2,614,133
Less: Proportion of expenses attributable to non-members	<u>1,792,101</u>	<u>1,690,306</u>
	398,850	923,827
Add: Other taxable income	<u>420,050</u>	<u>395,879</u>
	818,900	1,319,706
Less: Other deductible expenses	<u>(902,618)</u>	<u>(619,628)</u>
Net taxable income/(loss)	<u>(83,718)</u>	<u>700,078</u>
Income tax applicable to above	-	210,023
Plus/(Less): Income tax (over)/under provided in prior years	<u>-</u>	<u>76,814</u>
Total income tax expense	<u>-</u>	<u>286,837</u>
Current Company tax payable	<u>-</u>	<u>210,023</u>
5. CASH (CURRENT)		
Cash on hand	334,000	334,000
Cash at bank	<u>4,161,187</u>	<u>5,035,448</u>
	<u>4,495,187</u>	<u>5,369,448</u>
6. INTEREST BEARING BANK TERM DEPOSITS		
Bank Term Deposits	<u>12,012,546</u>	<u>10,441,130</u>
	<u>12,012,546</u>	<u>10,441,130</u>
7. RECEIVABLES (CURRENT)		
Trade debtors - amounts owing	19,926	40,250
Non-Refundable deposits	<u>(475,535)</u>	<u>(406,234)</u>
	<u>(455,609)</u>	<u>(365,984)</u>
8. INVENTORIES (CURRENT)		
Raw materials and stores	<u>201,154</u>	<u>216,257</u>
9. OTHER (CURRENT)		
Prepayments	<u>388,879</u>	<u>821,289</u>



	2019 \$	2018 \$
10. PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT)		
Freehold Land (45-47 Rawson Street) at cost	1,754,976	1,754,976
Club Building & Improvements at cost	25,898,053	25,758,729
<u>Less</u> accumulated depreciation	15,194,779	13,646,198
	<u>10,703,274</u>	<u>12,112,531</u>
Total Land & Buildings (Core Property)	12,458,250	13,867,507
Club Vehicles at cost	236,547	236,547
<u>Less</u> accumulated depreciation	176,810	140,811
	<u>59,737</u>	<u>95,736</u>
Gaming Furniture at cost	7,159,168	6,037,362
<u>Less</u> accumulated depreciation	2,378,931	1,638,931
	<u>4,780,237</u>	<u>4,398,431</u>
Plant and Equipment, Furniture and Fittings at cost	4,710,905	9,342,812
<u>Less</u> accumulated depreciation	1,936,355	7,312,462
	<u>2,774,550</u>	<u>2,030,350</u>
Total Plant & Equipment	7,614,524	6,524,517
Tableware Items at cost	(Note 1 (e)) 132,072	132,072
Uniforms at cost	(Note 1 (e)) 41,518	41,518
	<u>173,590</u>	<u>173,590</u>
TOTAL PROPERTY, PLANT & EQUIPMENT	<u>20,246,364</u>	<u>20,565,614</u>

#### Valuations

These valuations have not been taken up in the financial statements:  
Valuations 1 July 2016

Freehold Land (45-47 Rawson Street) 24,800,000

Valuation by registered valuers Hymans Valuers - Nicholas Brady, Registered Valuer No 68548.  
The above freehold property is classified as "Core Property" in accordance with the requirements of the Registered Clubs Act (2006).

#### Movement in Carrying Amounts

	Freehold Land	Club Building	Club Vehicles	Gaming	Plant & Equipment	Total
Balance at beginning of year	1,754,976	12,112,531	95,737	4,398,431	2,030,350	20,392,025
Additions	-	139,324	-	1,121,806	859,619	2,120,749
Depreciation	-	(1,280,000)	(36,000)	(740,000)	(384,000)	(2,440,000)
Disposals	-	-	-	-	-	-
Reclassifications	-	(268,581)	-	-	268,581	-
Carrying amount at end of year	<u>1,754,976</u>	<u>10,703,274</u>	<u>59,737</u>	<u>4,780,237</u>	<u>2,774,550</u>	<u>20,072,774</u>

	2019 \$	2018 \$
11. INVESTMENT PROPERTIES (Non-core Property)		
Opening balance as at 1 July	650,501	650,501
Additions	-	-
Disposals	-	-
Closing balance as at 30 June	<u>650,501</u>	<u>650,501</u>

It is a requirement of the Corporations Act 2001 for the directors to form a view as to the valuation of land and buildings as at 30 June 2019. The directors therefore believe that a reasonable value for the purpose of the Corporations Act 2001 is the current book value shown in the financial statements. Therefore both core and non-core properties were not revalued this year.

The land holdings of Epping RSL (Sub-Branch) & Community Club Limited are classified as either core or non-core properties, as listed below

Core Properties

- The Epping Club premises at 45-47 Rawson Street, Epping

Non-Core Properties

- 50E Rawson Street, Epping

12. INTANGIBLE ASSETS (NON-CURRENT)

Poker Machine Entitlements - at cost	<u>1,912,507</u>	<u>1,262,507</u>
Balance at beginning of year	1,262,507	920,344
Additions - at cost	650,000	342,163
Closing carrying value at cost	<u>1,912,507</u>	<u>1,262,507</u>

At the end of the reporting period the company assessed the recoverable amount of poker machine entitlements based on an active market at year end and conclude the values are not impaired. The entitlements, which are considered to be intangibles, have an indefinite life and amortisation need not be considered. Each poker machine licence is an effective cash generating unit.

13. CREDITORS AND BORROWINGS (CURRENT)

Trade Creditors	759,914	1,074,093
Goods and Services Tax	182,285	194,226
	<u>942,199</u>	<u>1,268,319</u>

		2019 \$	2018 \$
14.	CURRENT TAX LIABILITIES		
	Income Tax Payable	(Note 4) <u>-</u>	<u>214,989</u>
15.	PROVISIONS (CURRENT)		
	Employee Entitlements	<u>635,318</u>	<u>602,994</u>
16.	OTHER LIABILITIES (CURRENT)		
	Deferred Subscription Income	(Note 1(i)) <u>25,554</u>	<u>33,459</u>
17.	PROVISIONS (NON-CURRENT)		
	Employee Entitlements	<u>596,697</u>	<u>627,965</u>
18.	OTHER LIABILITIES (NON-CURRENT)		
	Deferred Subscription Income	(Note 1(i)) <u>127,217</u>	<u>136,653</u>
19.	EMPLOYEE ENTITLEMENTS		
	The aggregate employee entitlement liability recognised and included in the financial statements is as follows:		
	Provision for employee entitlements		
	Current (Note 14)	635,318	602,994
	Non-Current (Note 16)	<u>596,697</u>	<u>627,965</u>
		<u>1,232,015</u>	<u>1,230,959</u>
	Number of employees at end of financial year	<u>141</u>	<u>160</u>
20.	RETAINED EARNINGS		
	Operating Profit/(Loss) before income tax	1,048,161	2,499,955
	Income tax attributable to operating profit	(Note 4) <u>-</u>	<u>(286,837)</u>
	Operating Profit/(Loss) after income tax	<u>1,048,161</u>	<u>2,213,118</u>
	Retained profits at the beginning of the financial year	<u>36,076,383</u>	<u>33,863,265</u>
	Retained profits at the end of the financial year	<u>37,124,544</u>	<u>36,076,383</u>

	2019 \$	2018 \$
21. EXPENDITURE COMMITMENTS		
(a) <u>Capital Expenditure</u> - There was no Capital Expenditure Commitment as at 30 June 2019	-	-
(b) Rental agreement commitments for use of technology equipment:		
payable within one year	-	213,732
payable later than one year but not later than two years	-	-
payable later than two years but not later than five years	-	-
	<u>-</u>	<u>213,732</u>
22. SUPERANNUATION COMMITMENTS		
Contributions are made by the Company to an award-based superannuation fund for all employees and a Company retirement fund for employees who qualify for acceptance. All contributions are charged as expenses as they occur. The Company has no legal obligation to cover any shortfall in the funds' obligations to provide benefits to employees on retirement.		
23. KEY MANAGEMENT PERSONNEL DISCLOSURES		
(a) The Directors of the Epping R.S.L. (Sub-Branch) & Community Club Limited during the year were: D. Taylor, J. Curdie, J. Prestidge, J. Donohoe, B. Hoschke, M. Falconer, D Fitzgerald, S. Wallace.		
Aggregate income received by the Directors as Honorarium approved by the members at the 2018 Annual General Meeting	<u>57,750</u>	<u>50,000</u>
24. CONTINGENT LIABILITIES		
A contingent liability exists with regard to bonus points earned prior to 30th June 2019 but not redeemed by that date. The amount outstanding is:	<u>74,936</u>	<u>101,589</u>
25. LIMITATION OF MEMBERS' LIABILITY		
In accordance with the Memorandum of Association the liability of members, in the event of the Company being wound up, would not exceed \$2 per member.		
26. REMUNERATION OF AUDITORS		
Amounts received by W L Browne & Associates for:		
- Audit of financial statements	34,400	30,000
- Other services in relation to the club	4,000	4,000
	<u>38,400</u>	<u>34,000</u>

	2019	2018
	\$	\$
27. NOTES TO THE STATEMENT OF CASH FLOWS		
(A) Reconciliation of Cash:		
For the purposes of the Statement of Cash Flows cash includes cash on hand and in banks and investments in money market instruments net of outstanding bank overdraft.		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Cash on hand	334,000	334,000
Cash at bank	4,161,187	5,035,448
	<u>4,495,187</u>	<u>5,369,448</u>

(B) Reconciliation of net cash provided by operating activities to operating profit after Income Tax:

Operating Profit after extraordinary items and income tax	1,048,161	2,213,118
<u>Add Back Non Cash Outlays</u>		
Depreciation & Amortisation of Non-current Assets	2,440,000	2,054,500
(Decrease)/Increase in income tax payable	(214,989)	20,006
Changes in net Assets & Liabilities:		
(Increase)/Decrease in current receivables	89,625	45,601
(Increase)/Decrease in current inventories	15,103	(15,029)
(Increase)/Decrease in current other assets	432,410	(228,821)
Increase/(Decrease) in trade creditors	(326,120)	246,051
Increase/(Decrease) in current provisions	32,324	(54,415)
Increase/(Decrease) in non-current provisions	(31,268)	64,474
Increase/(Decrease) in subscriptions in advance	(17,341)	(6,750)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,467,905</u>	<u>4,338,735</u>

(C) Financing Facilities

The Company has a secured arrangement with the National Australia Bank to provide the following credit standby and loan facilities:-

(i) Bank Overdraft	- amount used	-	-
	- amount unused	50,000	50,000
		<u>50,000</u>	<u>50,000</u>

The Bank Overdraft facility is secured by a registered first mortgage over the Club's freehold land and buildings at 45-47 Rawson Street Epping.

(ii) Bank Guarantee Facility of \$15,000 in favour of Joint Coal Board for rental bond.

(iii) Business card facility - \$20,000